



Judy Sello
Senior Attorney

Room 3A229
One AT&T Way
Bedminster, NJ 07921
Tel.: 908-532-1846
Fax: 908-532-1218
Email: jsello@att.com

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Ex Parte

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: *In the Matters of Regulation of Prepaid Calling Card Services*, WC Docket No. 05-68
and *Developing a Unified Inter-carrier Compensation Regime*, CC Docket No. 01-92

Dear Ms. Dortch:

AT&T Corp. ("AT&T") submits this *ex parte* response to Verizon's September 9, 2005 letter¹ regarding AT&T's July 15, 2005 certification proposal² relating to the access charge treatment of prepaid cards.

In its July 15, 2005 *ex parte* in support of AT&T's Emergency Petition for Immediate Interim Relief filed May 3, 2005 ("Petition") in WC Docket 05-68, AT&T proposed a set of procedures for prepaid card providers to certify compliance with interim rules relating to USF and access charge treatment of prepaid calling card services. Verizon (at 1) supports AT&T's alternative proposal that prepaid card providers must pay access charges based on the location of the end-user calling and called parties. Verizon maintains, however, that AT&T's "carefully worded" proposal contains a "substantial loophole that would permit prepaid card providers to continue manipulating call detail parameters other than CPN in order to disguise the true jurisdiction of prepaid card traffic" and asserts that

¹ September 9, 2005 *ex parte* Letter from Donna Epps, Verizon to Marlene H. Dortch, FCC, WC Docket No. 05-68 & CC Docket No. 01-92.

² July 15, 2005 *ex parte* Letter from Judy Sello, AT&T to Marlene H. Dortch, FCC, WC Docket No. 05-68.

the Commission should close that loophole if it were inclined to adopt AT&T's certification proposal. Verizon at 1.

First, the notion that AT&T has crafted its proposal to allow this alleged loophole is preposterous, given that the entire purpose of AT&T's proposed certification process is to require *all* prepaid card providers, regardless of the regulatory classification of their services, to pay access based on the location of the end-user calling and called parties (if the Commission does not accept AT&T's preferred solution that all prepaid cards calls pay interstate access only). Allowing a loophole that others could exploit to AT&T's competitive disadvantage would make no sense.

Second, Verizon alleges that although AT&T's proposal solves the problem of intentional manipulation of SS7 signaling data in the calling party number or CPN parameter, it would still allow such manipulation in the charge number or "CN" parameter "that plays the key role in determining the jurisdiction for billing purposes." Verizon at 2. In particular, Verizon contends that CN (rather than CPN) is the key carrier billing parameter. To the contrary, CN was originally developed for billing the end user, *not* carrier billing. Specifically, in accordance with Bellcore standards for Feature Group D inband signaling, the originating local exchange carrier ("LEC") was required to deliver to the interexchange carrier ("IXC") Automatic Number Identification (ANI, the predecessor to CN), so that the interexchange carrier could bill the originating caller, but that standard did not support delivery of ANI to the terminating LEC.³ Similarly, for out-of-band signaling, applicable technical standards allow, but do *not* require, passing of CN from the IXC to the terminating LEC.⁴ Consequently, CN is not necessarily sent by IXCs to the terminating LECs. For example, AT&T (as an IXC) signals only CPN to the terminating LEC, which the LEC then uses to determine carrier billing. Because CN was *not* intended for carrier billing -- and passing it from the IXC to the terminating carrier is optional -- Verizon's decision to rely on CN is at its own risk.⁵ Indeed, AT&T questions how Verizon can claim that CN is the primary mechanism for intercarrier billing when AT&T, the largest IXC, does not signal CN to terminating carriers.

Third, in all events, AT&T's certification process addresses Verizon's concern. Under AT&T's proposal, each certifying provider would set forth the percentage of its total PPC minutes that are, respectively, *interstate*, *intrastate* and *international*, for the reporting

³ See Bellcore SR-2275.

⁴ See SS7 GR-394.

⁵ While CPN and CN will be identical for a single-line residential or business customer, in the case of a multi-location residential or business customer, a single CN may be used for calls originating at different geographic locations, thus rendering it inaccurate for determining the location of the calling party. This is not to suggest, however, that CPN always accurately depicts the caller's location, as it does not, for example, when a wireless caller is roaming. However, the use of prepaid cards over wireless phones is limited, given that prepaid cards tend to be an alternative to a mobile phone (or perhaps even a landline phone) for many individuals.

period, calculated in each case based on the location of the end-user calling and called parties. It would also set forth the percentage of its total PPC minutes for which it expects to be billed interstate and intrastate access, respectively. This certification is independent of whether a particular signaling parameter is used or whether PIU factors are reported.

Fourth, AT&T's proposal provides that if the jurisdiction of the call cannot be determined based on the CPN of the calling party transmitted through the SS7 signaling stream, the certifying PPC provider must certify that it has provided the correct percentage of interstate *versus* intrastate minutes (PIU) for PPC calls based on the location of the end-user calling and called parties to each entity involved in transporting the traffic, including any provider of transport services and local exchange carriers. Thus, irrespective of whether any CN is passed, if the CPN is insufficient to allow correct jurisdictional identification, then correct PIU reporting is required.

Fifth, in addition to these primary safeguards, the certifying PPC provider, and any intermediate entity involved in transporting the call, must expressly acknowledge that the LEC has the right to audit all such PIU reports, and most particularly the right to audit the PPC provider for call detail and routing information, irrespective of whether the PPC provider has a direct relationship to the auditing LEC. In addition, the LEC has the right to hold the PPC provider directly responsible, regardless of whether any intermediate entity was involved in transporting PPC traffic, for causing access charges to be paid on such traffic based on the location of the end-user calling and called parties.

Sixth, and most fundamentally, if the certifying PPC provider does not pass end-user CPN, it must certify that neither it nor any other intermediate entity involved in transporting the traffic is substituting platform CPN or any other geographically-significant number, carrier identification code or signaling parameter that could cause the terminating LEC to bill access charges based on CPN that does not accurately reflect the location of the calling party.

Finally, AT&T is concerned that if the Commission adopts Verizon's proposal to prohibit prepaid card providers from populating platform CPN in any "SS7 signaling parameter that would likely cause the terminating LEC to bill access charges based on the jurisdiction of the platform rather than [the location of] the end user" (Verizon at 3), it could force many carriers to engage in costly network configurations (affecting all traffic carried on their networks -- not just PPC traffic) for the sole purpose of avoiding an inadvertent violation of the certification requirement. These costly reconfigurations would have no offsetting benefits in terms of enhanced enforcement of the intent of the certification requirement. Accordingly, the Commission should proceed with AT&T's proposal in its current form.

One electronic copy of this Notice is being submitted in accordance with the Commission's rules.

Sincerely,

/s/

Judy Sello

cc: Daniel Gonzalez
Michelle Carey
Tom Navin
Tamara Preiss
Steve Morris